

## Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SWF-02 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02

SP-03 STR-08 TRSE-00 LAB-06 SIL-01 SAM-01 OMB-01

AGR-20 AF-10 ARA-16 EA-11 NEA-14 DRC-01 /182 W

----- 129852

R 221838Z MAY 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6940

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 1 OF 2 EC BRUSSELS 3401

PASS AGRICULTURE

E. O. 11652: N/A

TAGS: ETRD, EEC, SP, IS, TS, MO, AG

SUBJECT: EC MEDITERRANEAN POLICY--THE GERMAN COMPROMISE

REFS: A) EC BRUSSELS 6829, NOV. 26, 1973

B) EC BRUSSELS A-436, NOV. 30, 1973

C) EC BRUSSELS 2066

D) EC BRUSSELS 2513

1. SUMMARY: THE MISSION HAS OBTAINED ON A CONFIDENTIAL  
BASIS A COPY OF A GERMAN COMPROMISE AIMED AT BREAKING  
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THE IMPASSE THAT HAS DEVELOPED AMONG THE MEMBER STATES

ON THE ELEMENTS OF A REVISED MANDATE FOR NEGOTIATING UNDER THE COMMUNITY'S GLOBAL MEDITERRANEAN POLICY. THE GERMANS HAD HOPED UNTIL NOW THAT THEIR COMPROMISE COULD BE ACCEPTED AS A PACKAGE BY THE OTHER MEMBER STATES. BRITISH COMPLAINTS THAT THE COMPROMISE DOES NOT GO FAR ENOUGH AND ITALIAN COMPLAINTS THAT IT GOES TOO FAR MAKE THE GERMANS'S TASKS DIFFICULT AT BEST. AGREEMENT BETWEEN THE MEMBER STATES BEFORE THE JUNE 4 COUNCIL MEETING (FOREIGN MINISTERS) NOW SEEMS UNLIKELY. END SUMMARY.

2. EC MEDITERRANEAN POLICY HAS BEEN BOGGED DOWN FOR SOME TIME BECAUSE OF THE INABILITY OF THE MEMBER STATES TO AGREE ON A REVISED MANDATE FOR NEGOTIATING WITH SPAIN, ISRAEL, AND THE MAGHREB COUNTRIES. IN HOPES OF BREAKING THE CURRENT IMPASSE, THE GERMANS HAVE HELD IN ABEYANCE, FOR TABLING AT THE APPROPRIATE TIME, AN OVERALL COMPROMISE PROPOSAL. THAT PROPOSAL ATTEMPTS TO MEET SOME OF THE OBJECTIONS OF THE MEMBER STATES TO THE MANDATE PREPARED BY THE EC COMMISSION (REFS A AND B).

3. THE MISSION HAS OBTAINED A COPY OF THE GERMAN PROPOSAL ON A CONFIDENTIAL BASIS. THE FOLLOWING PARAGRAPHS SUMMARIZE THE KEY ELEMENTS OF THAT PROPOSAL. THE FULL TEXT IS BEING FORWARDED TO THE DEPARTMENT BY AIRGRAM. AN ADVANCE COPY HAS BEEN SENT TO EUR/RPE. US POSSESSION OF THIS DOCUMENT SHOULD NOT BE REVEALED.

#### 4. AGRICULTURE

ALGERIAN WINE - TARIFF QUOTAS WOULD BE ESTABLISHED TO ALLOW FOR EC IMPORTS OF CERTAIN QUANTITIES OF ALGERIAN WINES, DUTY-FREE, AND WITHOUT RESPECT TO EC REFERENCE PRICES. FINANCIAL AID WOULD BE PROVIDED TO ALGERIA TO ASSEST IN CONVERTING ITS MARGINAL VINEYARDS TO OTHER PRODUCTION.

CITRUS - (SPAIN AND ISRAEL ONLY) - THE COMMISSION WOULD OFFER THESE TWO COUNTRIES A SIXTY PERCENT TARIFF PREFERENCE UNDER THE NEW AGREEMENT (AS COMPARED TO FORTY PERCENT AT PRESENT) THE COMMUNITY WOULD DECLARE ITSELF WILLING TO CONSIDER STILL FURTHER CONCESSIONS AT A LATER DATE. IN THE MEANTIME THE UK, DENMARK AND IRELAND WOULD

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BE PERMITTED TO ADJUST THEIR TRANSITIONAL EC TARIFFS ON CITRUS AS THOUGH BY THE BEGINNING OF THE FORTH MARKETING SEASON AFTER THE ENTRY INTO THE FORCE OF THE NEW AGREEMENTS WITH SPAIN AND ISRAEL, THE PREFERENCE RATE WOULD REACH EIGHTY PERCENT.

OTHER PRODUCTS - ON A LIST OF APPROXIMATELY FORTY OTHER AGRICULTURAL PRODUCTS, THE GERMANS HAVE PROPOSED SLIGHT ADJUSTMENTS FROM THE COMMISSION PROPOSAL IN THE PREFERENTIAL

RATES AND CALENDAR PERIODS DURING WHICH PREFERENCES  
WOULD BE IN EFFECT. IN ADDITION, THERE IS A SHORT LIST  
OF CONCESSIONS PROPOSED DURING PREVIOUS DISCUSSIONS BY INDI-  
VIDUAL MEMBER STATES (PRIMARILY THE UK). THESE INCLUDE IN-  
CREASED CONCESSIONS ON GRAPEFRUIT, GRAPEFRUIT SECTIONS, AND  
CANNED FRUIT COCKTAIL.

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##### 5. DEVELOPMENT COOPERATION

THE GERMAN COMPROMISE CALLS FOR FINANCIAL AID AMMOUNTING  
TO 360 MILLION UNITS OF ACCOUNT FOR THE MAGHREB COUNTRIES,  
PLUS MALTA. FORTY PERCENT OF THIS AID WOULD BE IN THE  
FORM OF LOANS FROM THE EUROPEAN INVESTMENT BANK. AN  
ADDITIONAL FIFTY PERCENT OF THE AID WOULD BE IN THE FORM  
OF SUBSIDIZED LOANS (30 YEARS, 10-YEAR GRACE PERIOD,

2. PERCENT INTEREST RATES). THE REMAINING TEN PERCENT OF THE AID FUNDS WOULD BE IN THE FORM OF GRANTS.

6. MEDITERRANEAN MIGRANT WORKERS

THE GERMAN PROPOSALS WOULD ALLOW FOR THE FREE TRANSFER OF OLD-AGE PENSIONS, DEATH BENEFITS, WORKMEN'S  
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COMPENSATION, AND FAMILY ALLOWANCES TO THE COUNTRY OF ORIGIN OF MEDITERRANEAN MIGRANT WORKERS EMPLOYED IN THE MEMBER STATES.

7. THE GERMAN TACTIC, UNTIL RECENTLY, HAS BEEN TO DISCUSS ITS COMPROMISE WITH ITS MEMBER STATES ON A BILATERAL BASIS, BUT TO AVOID ANY DISCUSSION EITHER IN PERMREP WORKING GROUPS OR THE COREPER FOR FEAR THAT A GENERAL DISCUSSION BELOW THE MINISTERIAL LEVEL OF SPECIFIC ELEMENTS OF THE COREPER WOULD ONLY LEAD TO THE UNRAVELLING OF THE PACKAGE. THE GERMANS ARE NOW SHIFTING THEIR TACTICS. THE COREPER, IN RESTRICTED SESSION, HAS DISCUSSED THE GERMAN PROPOSAL. WE ARE TOLD THAT THE STRONGEST--BUT NOT THE ONLY--OBJECTIONS TO THE COMPROMISE WERE MADE BY THE BRITISH AND ITALIANS. THE BRITISH CONTINUE TO PRESS FOR EVEN LARGER CONCESSIONS IN THE AGRICULTURAL SECTOR IN ORDER TO REDUCE THE INFLATIONARY IMPACT ON FOOD PRICES IN THE UK. THE ITALIANS FIND THE GERMAN PROPOSAL UNSTISFACTORY FOR THE OPPOSITE REASON AND COMPLAIN THAT ONCE AGAIN EC CONCESSION MUST COME OUT OF THE ITALIAN HIDE.

8. MOST PERMREPS SEE NO CHANCE THAT THE JUNE 3 COUNCIL MEETING CAN SETTLE THE OUTSTANDING ISSUES. SOME ARE EVEN PESSIMISTIC ABOUT AGREEMENT BY THE TIME OF THE JUNE 24-25 COUNCIL MEETING. THIS WOULD STILL LEAVE THE POSSIBILITY OF AN AGREEMENT IN JULY BUT, EVEN UNDER THE BEST OF CIRCUMSTANCES, IT IS UNLIKELY THAT NEGOTIATIONS COULD BE COMPLETED BY THE TIME OF THE SUMMER BREAK. SOURCES IN MEDITERRANEAN COUNTRY DELEGATIONS SEEM INCREASINGLY RESIGNED TO COMING BACK FROM THEIR SUMMER HOLIDAYS WITH THE NEGOTIATIONS STILL UNSETTLED.  
GREENWALD

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## Message Attributes

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